

Information Technology Investment Policy

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Purpose

The purpose of this policy is to ensure that information technology (IT) resource investments by agencies of the executive and judicial branches of state government:

- are included in an agency's IT portfolio and support that agency's strategic business plan, business requirements, and risk management process.
- are wise uses of state resources made after consideration of multiple alternatives and a range of technical, functional, and business options.
- are obtained through the use of open, vendor-neutral specifications and standards that support each agency's IT portfolio and the state's overall IT infrastructure.
- are obtained through fair and open competition among vendors, when possible.

Statutory Authority

The provisions of RCW 43.105.041 detail the powers and duties of the ISB, including the authority to develop statewide or interagency information services and technical policies, standards and procedures.

Scope

This policy applies to investments in IT resources and purchased services regardless of funding source, supply source, or intended use or purpose, including:

- The operation, management, or use of stand-alone, shared, or network-attached computers.
- The operation, management, or use of voice, data, or video telecommunications equipment, networks, or services.

- The purchase of computer or telecommunications network or integration services from commercial sources.
- The purchase of commercial off-the-shelf or state-developed software.

Exemptions

1. The ISB reserves the right to exempt enterprise-wide or emerging technologies from an agency's delegated authority until policies and standards regarding these technologies are adopted. Any of these investments may require ISB or DIS review and/or approval even if the cost is within an agency director's delegated authority. Among these exemptions are: mainframe computers, new wide area networks (WANS), human resources applications such as payroll or training systems, electronic payment methods, digital signature or public key infrastructure (PKI) technologies and services, and encryption technologies or services (except for commonly available commercial off-the-shelf session-related functions in web browsers and similar client software).

Also exempted are systems that compete with or are to be used in place of systems that serve state-wide functions such as the Office of Financial Management's AFRS system of financial management and the Department of Personnel's data warehouse. If an agency is considering investing in any of these technologies, IT should contact its DIS senior technology management consultant.

2. Agencies are delegated authority without limitation to acquire information technology process control equipment. Examples of such equipment are traffic, bridge, heating, cooling, laboratory equipment, water level monitors and controllers, and the like.
3. Agencies are delegated authority without limitation to acquire IT resources to restore levels of operation following an emergency or a disaster such as a fire, flood, earthquake, vandalism, or theft. This authority is only for the purchase of resources necessary to restore operations or replace inoperative equipment with similar equipment.
4. Higher education institutions are delegated a authority without limitation to acquire IT resources for academic and research applications.
5. All video telecommunications purchases require an acquisition plan to be submitted to DIS.

Policy

The Information Services Board (ISB) has authority over the purchase of all information technology (IT) investments made by executive and judicial branch agencies. The ISB may delegate this authority to agency directors, who are prohibited from making IT investments without it. Agency directors are responsible for the management and use of

information systems, telecommunications, and IT equipment, software, and services of their respective agencies.

Except for making any of the investments listed in the “policy exceptions” section of this document, agency directors are granted a delegated authority of:

- \$50,000 for agencies with 49 or less total agency FTEs, or
- \$250,000 for agencies with 50 to 149 total agency FTEs, or
- \$1,000,000 (or a greater amount determined by the ISB) for agencies with 150 or greater total agency FTEs, if the agency has complied with the provisions of the portfolio management and investment policies and standards.

Agencies that fail to comply with the provisions of the portfolio management and investment policies and standards, including but not limited to annual portfolio updates, are limited to a maximum delegated authority of \$10,000.

Within their delegated authority, directors or their agencies may acquire IT resources or make investments that are part of a project rated as oversight level 1 (per the oversight matrix in the Information Technology Investment Standards), without first obtaining approval from the ISB or the planning and policy component of the Department of Information Services (DIS).

Delegated authority for each agency director is listed in the appendix. The ISB may review, increase, decrease, or revoke any previous delegation regarding acquisition of IT resources. All acquisitions conducted under delegated authority must comply with ISB IT Investment Policy and the ISB IT Investment Standards.

ISB approval is required under one or more of the following circumstances:

- The investment was placed under ISB oversight by legislative proviso.
- The ISB places the investment under its oversight.
- The investment was rated oversight level 3 or is part of a project that was rated oversight level 3 (per the oversight matrix in the Information Technology Investment Standards).
- ISB approval may be required if the investment cost exceeds the agency director’s delegated authority. In these situations, an agency must contact its DIS senior technology management consultant.

ISB approval may be required if the investment is exempted from delegated authority. In these situations, an agency must contact its DIS senior technology management consultant.

DIS approval is required under one or more of the following circumstances:

- The investment cost is more than the agency director’s delegated authority.

- The acquisition process to be used is a technology assessment.
- The investment was rated oversight level 2 or is part of a project that was rated oversight level 2 (per the oversight matrix in the Information Technology Investment Standards).
- The investment is exempted from delegated authority, even if the investment is within the agency director's delegated authority.

DIS may recommend ISB oversight of level 2 investments.

To obtain ISB or DIS approval, an agency must submit an investment plan to DIS, as detailed in the Information Technology Investment Standards.

If ISB or DIS approval is required, it must be obtained before conducting the acquisition and before releasing any formal solicitation document. If the solicitation results in investment cost and/or risk assessment higher than the approval authority level already obtained, the investment must receive the appropriate approvals for the revised investment cost and/or risk assessment before moving forward.

ISB approval and oversight may be required for IT related personal services acquisitions that exceed an agency director's delegated authority or that are part of a project that was rated oversight level 3. DIS approval and oversight may be required for IT-related personal services acquisitions that exceed an agency director's delegated authority or that are part of a project that was rated oversight level 2. In these situations, an agency should contact its DIS senior technology management consultant.

IT-related personal service acquisitions also fall under the procurement and filing requirements of RCW 39.29, "personal services contracts." Agencies should conduct these acquisitions in accordance with the requirements of the Office of Financial Management (OFM) policy 15.20 and file the contracts in accordance with OFM policy 15.30.

Acquisition of IT-related resources may require approval from authorities other than the ISB or DIS. For example, under the provisions of OFM policy 80.30.88b, OFM approval is required prior to an agency procuring a new agency accounting and/or reporting system that materially impacts its accounting methods or practices. Under the provisions of RCW 39.94, state finance committee approval is required for lease/purchase or financing arrangements over \$10,000. And finally, the department of General Administration has authority over the acquisition of supplies for continuing operations.

Acquisition methods are intended to be flexible and adaptable to individual situations, provided that they comply with the provisions of ISB policies. Each time an agency conducts an acquisition, it should choose the method that best suits its business needs at that time. Acquisition methods include, but are not limited to the following:

Competitive solicitation, including:

- Requests for Proposal (RFP)
- Requests for Quotation (RFQ)
- Requests for Quotation and Qualifications (RFQQ)

Existing contracts, including:

- Corporate agreements
- Master contracts
- Follow-on use

Other:

- Sole source
- DIS technology brokering and leasing
- Interagency transfers
- Direct buy of resources under \$10,000

Agencies that wish to acquire IT resources under another agency's solicitation that authorizes follow-on use must ensure that all the conditions contained in the Information Technology Investment Standards are met. Additionally, neither the original soliciting agency nor any agency that wishes to execute a follow-on contract may add vendors or expand the scope of products beyond what was competitively acquired through the initial acquisition.

Complaint and protest procedures must be used for competitive acquisitions over \$9,999 and are listed in the Information Technology Investment Standards document.

Related Standards

[IT Investment Standards](#)

[IT Portfolio Management Standards](#)

Maintenance

Technological advances and changes in the business requirements of agencies will necessitate periodic revisions to policies, standards, and guidelines. The Department of Information Services is responsible for routine maintenance of these to keep them current. Major policy changes will require the approval of the ISB.

Definitions

Agency: State government agencies and institutions and entities of state government within the executive and judicial branches of Washington State.

Board: The Information Services Board (ISB).

Certificate: A computer-based record that identifies the certification authority issuing digital signature certificate, names or identifies its subscriber, contains the subscriber's public key, and is digitally signed by the certification authority issuing it. (see digital signature hardware and software, below.)

Certification Authority: A person or entity who issues a certificate. (see digital signature hardware and software, below.)

Corporate Agreement: Contracts negotiated and administered by DIS with the manufacturer or provider of an information technology produce or service where *significant* advantages will result to the state when DIS uses its leverage as a corporate buyer. DIS can offer agencies discretionary products and services resulting from corporate agreements under powers and duties granted to DIS for brokering and leasing services via the DIS enabling legislation, RCW 43.105.052(2)(d). Products and services may also be available to local governments if their local contracting regulations so allow and if they have a customer service agreement with DIS.

Customer Service Agreement: An agreement between DIS and another governmental entity (local, state, federal, political subdivision) that allows the entity to purchase services from DIS.

Digital Signature Hardware: Computer systems, peripherals or devices used to issue or manage certificates used to create legally binding signatures pursuant to RCW 19.34; or, the use of a privately operated public key infrastructure (PKI) through contractual agreement.

Digital Signature Software: Software used to operate a cryptographic key system, a public key repository, or digital signature workstation software.

Direct Buy: Purchases under \$10,000 that may be made without formal competition, based upon the purchaser's experience and knowledge of the market, to acquire the resource which best meets the agency's needs.

Electronic Commerce (EC, E-Commerce): The uses of communication technologies to transmit business information and transact business. Taking an order over the telephone is a simple form of EC. Commerce conducted via the internet is also called EC, but commercial exchanges on the internet are only one of several advanced forms of EC that use different technologies, integrated applications and business processes to link enterprises. Business-to-business EC focuses on transactions and communication,

specifically the electronic exchange of information, goods, services and payments. Key business processes that are carried out by EC include procurement, order entry, transaction processing, payment, inventory, fulfillment, and customer support.

Encryption: A process involving data coding to achieve confidentiality, anonymity, time-stamping, and other security objectives.

Enterprise-Wide Technology: A technology that supports a statewide, agency-wide, or mission-critical application, such as e-mail.

Equipment: Machines, devices, and transmission facilities used in information processing, such as computers, word processors, terminals, telephones, and cables.

Follow-On Use Solicitation And Follow-On Contract: A follow-on use solicitation is a solicitation that contains language that will permit an agency other than the one that issued the solicitation to execute a contract with the successful vendor. A follow-on contract is a contract that is executed by an agency based upon a solicitation authorizing follow-on use that was conducted by another agency. There are narrow conditions and restrictions on this type of solicitation.

Information Processing: The electronic capture, collection, storage, manipulation, transmission, retrieval, and presentation of information in the form of data, text, voice, or image, including telecommunications and office automation functions.

Information Services: Data processing, telecommunications, and office automation.

Information Technology (IT) Resources: Equipment, telecommunications, video telecommunications, proprietary software, and purchased services. IT resources may also include personal services when OFM approvals are obtained and all reporting/approval requirements of OFM are followed.

Investment Cost: The development and implementation costs required to make an IT resource/project fully operational. Investment cost includes all purchases, lease or finance costs, including all costs for hardware, software, networking and telecommunications equipment, installation, training, personal and purchased services, internal agency resources, and all applicable taxes.

Local Government: County, municipal, and quasi-municipal corporations and political subdivisions and all agencies of these corporations and subdivisions that are authorized to contract separately.

Master Contract: A contract established by DIS through a competitive solicitation. Agencies that choose to acquire IT resources under a master contract need not conduct a competitive solicitation but must still obtain any necessary approvals described in

Section I of the IT Investment Standards. All entities that desire to purchase under a master contract must have a customer service agreement with DIS.

Personal Service: Professional or other technical expertise provided by a consultant to accomplish a specific study, project, task, or other work statement. RCW 39.29.006(7).

Proprietary Software: Software offered for sale or license where the vendor controls the source code.

Public Key Encryption: Cryptography that uses a protected private key and a mathematically connected, openly shared public key. The public key enables the encrypted document, file, e-mail or data stream to be deciphered using the related private key. Public-key encryption requires more computing power than symmetric-key encryption. To improve throughput, many systems use a public key to protect a symmetric key which, in turn, is used to protect the material.

PKI (Public Key Infrastructure): The software and/or hardware components necessary to manage and enable the effective use of public key encryption technology, particularly on a large scale.

Purchased Services: Services provided by a vendor to accomplish routine, continuing, and necessary functions such as equipment maintenance and repair, operation of a physical plant, security, computer hardware and software installation and maintenance, data entry, keypunch services, programming services and analysis, and computer time-sharing. RCW 43.19.190(2); 43.105.052(2).

Senior Technology Management Consultant: Staff to the Information Services Board. Each is assigned to specific agencies to help be public stewards of the state's IT portfolio, including but not limited to major IT projects and the shared statewide IT infrastructure.

System Life Cycle Cost: The investment cost of the new resources plus projected costs for maintenance, training, operations, and applicable taxes over the expected life of the acquired resources.

Technology Assessment: An acquisition process that employs a multi-stage RFP method to qualify vendors and provides for an interaction period prior to final proposal evaluation.

Technology Brokering: A service authorized under RCW 43.105.152(2)(d) that allows DIS to act as a broker and conduct procurements for purchases and leases on behalf of other agencies.

Telecommunications: The transmission of information by wire, radio, optical cable, electromagnetic, or other means.

Video Telecommunications: The electronic interconnection of two or more sites for the purpose of transmitting and/or receiving visual and associated audio information except for the public television broadcast stations designated by the department of community, trade and economic development under RCW 43.330.

Appendix: Technology Management Consultant Assignments and Agencies' Delegated Authority List

http://www.dis.wa.gov/portfolio/html_files/consultantsanddelegatedauthority.htm